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Washington, D.C. 20505

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National Intelligence Council

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18 May 1988

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council

FROM: [REDACTED]
Acting National Intelligence Officer for Europe

SUBJECT: "Sense of the Community" Report on Poland

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1. The conclusion of the strike at the Lenin shipyard in Gdansk seems to have brought an end to the wave of strikes that swept Poland in early May. [REDACTED]

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forecast the outlook for Poland over the next few months, and address the implications of these developments for US policy.

2. The following is a "sense of the Community" report on Poland. Though not a fully coordinated document, its chief conclusions reflect the general consensus of the Intelligence Community.

3. Labor unrest will continue. Although there may be a temporary lull, the many Polish workers yet to demand and receive wage increases are likely to be heard from in the coming weeks.

-- Episodic strikes over wage issues are certain to continue; in some factories economic issues will be joined with demands for the rehiring of fired activists and other local "political" grievances.

-- Labor unrest could spread once again, as the resolution of (or failure to resolve) workers' demands at one factory may spur others to action. Escalation could be rapid.

-- Unrest could also be triggered by the government's implementation of newly enacted special economic powers, which give it (theoretical) authority to freeze wages, fire managers, and close factories.

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4. Unrest is unlikely to escalate into a nationwide movement. The failure of the Gdansk strike to generate broader labor support (despite Walesa's call for workers' solidarity) was instructive:

- Most workers are skeptical about the efficacy of actions beyond local wage demands; the population at large is weary and dispirited.
- Solidarity is divided; its ability to organize and coordinate labor action is weak. (Walesa himself admitted as much.)
- The pattern of defusing local actions by acceding to wage demands is likely to continue. The regime is almost sure to retreat from full implementation of its new authority to freeze wages.
- And, in the last analysis, the regime would crush labor unrest if it showed signs of spreading nationwide. The regime that imposed martial law is not going to allow a repetition of August 1980.

5. The impasse in Polish society has deepened. Each of Poland's major institutions has been divided by the recent unrest.

- The regime showed once again its mastery of the instruments of coercion, but Jaruzelski's position has been damaged. His two-year strategy of winning minimal public support has failed, and he faces growing, if still inchoate, hardline opposition within the Party.
- Solidarity has established new links with younger workers, but its failure to mount an effective strategy may yield a round of internal recriminations. Walesa's personal standing, however, has been enhanced by his leadership of the Gdansk strike.
- The Church feels betrayed by the regime's seizure of the Nowa Huta steelworks just as Church representatives had begun to mediate. Some Church leaders will be less inclined toward dialogue with the regime; others may try to put more distance between the Church and militant workers.
- The official unions and the Sejm (Poland's parliament) demonstrated that they are not the rubber-stamp bodies they once were. They are likely to be the locus of heated debate as labor unrest resumes.

6. Prospects for economic recovery, social dialogue, and national reconciliation have been set back. For all the talk of austerity measures, wages for the first three months of 1988 (i.e., even before the recent wave of strikes) rose by 45%, more than erasing the 42% increase in prices. Nor are the newly adopted emergency economic powers likely to show significant results, though the threat (and selective application) of punitive measures may slow the upward wage spiral. Although the resolution of the Gdansk strike gives the regime the opportunity to negotiate from a position of relative strength, there is no indication that it is ready to undertake a serious social dialogue. The restoration of "order" was achieved at the expense of national reconciliation, making further social unrest the more likely.

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7. The Polish events will engender further caution elsewhere in Eastern Europe but are not likely to spur workers there to action. For the Hungarian leadership in particular, the specter of a similar wave of unrest will strengthen voices urging a retreat from harsh austerity measures and radical reform. Conservatives in Prague and East Berlin will see their antireformist posture as vindicated. For Moscow, the implications are more ambiguous. The Polish social crisis was not of Gorbachev's making, nor is it directly linked to his reform program. The recent unrest is not likely to alter his approach to Eastern Europe, much less his domestic strategy.

8. The basic conditions in which US policy operates are unaltered. We should be wary of concluding that our leverage has been strengthened.

-- Although we may conclude that the need for social dialogue has been demonstrated, Jaruzelski may conclude just the opposite. Having prevented the escalation of labor unrest, he will probably continue to rely on largely cosmetic gestures of conciliation (backed by instruments of coercion).

-- Nor will the Jaruzelski regime offer significant concessions to win US financial support. The Poles are more likely to assume a tough US posture and focus instead on the Bonn government, for which internal Polish reforms are much less salient.

9. The basic elements of the Polish government's strategy remain in place: the new emergency economic powers, for example, are intended to strengthen implementation of reform measures rather than to recentralize the Polish economy. Similarly, the regime retreated from harsh repressive measures and is already seeking to rebuild bridges to the Church.

-- The US can continue to play a role in promoting evolutionary movement toward economic reform and internal liberalization.

-- At bottom, however, nothing we do or refrain from doing will bear fundamentally on Poland's internal evolution. We can at best promote favorable change on the margins.

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